

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WUTC v. Avista Corporation d/b/a Avista Utilities – General Rate Case
Dockets UE-090134, UG-090135 and UG-060518 (consolidated)

**RESPONSE OF PUBLIC COUNSEL TO AVISTA
DATA REQUEST NO. 1**

Request No: 1
Directed to: Hugh Larkin, Jr.
Date Received: September 14, 2009
Prepared by: Hugh Larkin, Jr.
Date Prepared: September 18, 2009

Data Requests for Public Counsel – Mr. Larkin

Data Request No. 01

Re: Property Taxes

At page 9, line 18, Mr. Larkin states, “The Company's adjustment does not properly match the property taxes with the period in which it will be incurred and expensed. I am therefore rejecting the Company's restating adjustment increase of \$1,445,000 for property taxes since it is not known and measurable and is not properly matched with the revenues generated during the test year. I believe that the Company's restating adjustment that reduces property taxes for its gas operations is appropriate.”

- a. Were the property taxes for Avista’s gas operations based on the same method as the method used for electric operations?
- b. If so, is the estimate the Company used for gas operation known and measurable?
- c. If so, is the estimate used for gas operations matched with the test year?
- d. Please explain why Public Counsel accepts the estimate for natural gas but rejects the estimate for electric.

RESPONSE:

- a. Yes. Mr. Larkin accepted the adjustment for the gas operations proposed by the Company because it reflected the decline in property taxes which had been experienced and reflected the reduced property tax which would be experienced using the December 31, 2008 tax rate.

- b. Yes, because it reflects a decrease to be experienced based on the December 31, 2008 tax rate.
- c. Yes to the extent that it is a conservative estimate of the lower property taxes which the Company will be assessed based on December 31, 2008 rates.
- d. Public Counsel accepted the Company's restating adjustment k for the gas operations as it appeared to be a more conservative estimate than that for the electric operations. Notably, based on the Company's most recent property tax information, Staff determined that the gas operations property taxes should be reduced even further.